



IR-2016-110, IRS Launches New Sharing Economy Resource Center on IRS.gov

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IRS Launches New Sharing Economy Resource Center on IRS.gov, Provides Tips for Emerging Business Area

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WASHINGTON — The Internal Revenue Service this week launched a new web page designed to help taxpayers involved in the sharing economy quickly locate the resources they need to help them meet their tax obligations.

An emerging area of activity in the past few years, the sharing economy has changed how people commute, travel, rent vacation places and perform many other activities. Also referred to as the on-demand, gig or access economy, sharing economies allow individuals and groups to utilize technology advancements to arrange transactions to generate revenue from assets they possess— such as cars and homes—or services they provide—such as household chores or technology services.

The IRS, working in conjunction with the National Taxpayer Advocate, is taking steps to provide additional information to taxpayers, including the creation of the new [Sharing Economy Resource Center](#) on IRS.gov.

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“This rapidly evolving area often presents new challenges for people engaged in these economic activities, whether they are renting a room or providing a ride,” said IRS Commissioner John Koskinen. “The IRS is working to help people in this area by providing them the information and resources they need to file accurate tax returns.”

The sharing economy typically describes situations where the Internet is used to connect suppliers willing to provide services or use of assets – apartments for rent, cars for transportation services, etc. – to consumers. These platforms are also used to connect workers and businesses for short-term work.

To help people meet their tax reporting responsibilities, the new Sharing Economy Resource Center offers tips and resources on a variety of topics ranging from filing requirements and making quarterly estimated tax payments to self-employment taxes and special rules for reporting vacation home rentals. In addition, tax-preparation software can be a helpful resource in this area, and a trusted [tax professional](#) may assist with many issues.

The sharing economy is a special focal point for tax professionals during this summer's IRS Nationwide Tax Forums. The Forums, which continue at various locations through mid-September, feature sessions with tax experts discussing the implications of the sharing economy for taxpayers.

Here are a few key points people involved in the sharing economy should keep in mind:

- **Taxes.** Income received is generally taxable, even if the recipient does not receive a Form 1099, W-2 or some other income statement. This is true if the sharing economy activity is only part-time or a sideline business and even if the recipient is paid in cash. On the other hand, depending upon the circumstances, some or all business expenses may be deductible.
- **Deductions.** There are some simplified options available for deducting many business expenses for those who qualify. For example, a person who uses his or her car for business often qualifies to claim the standard mileage rate, currently 54 cents a mile for 2016.
- **Rentals.** Special rules generally apply to the rental of a home, apartment or other dwelling unit that is used by the taxpayer as a residence during the taxable year. Usually,

rental income must be reported in full, any expenses need to be divided between personal and business purposes and special deduction limits apply. But if the dwelling unit is rented out fewer than 15 days during the year, none of the rental income is reportable and none of the rental expenses are deductible.

- **Estimated Payments.** The U.S. tax system is pay-as-you-go. This means that people involved in the sharing economy often need to make estimated tax payments during the year to cover their tax obligation. These payments are due on April 15, June 15, Sept. 15 and Jan. 15. Use [Form 1040-ES](#) to figure these payments.
- **Payment Options.** The fastest and easiest way to make estimated tax payments is to do so electronically using IRS [Direct Pay](#) or the Treasury Department's Electronic Federal Tax Payment System ([EFTPS](#)).
- **Withholding.** Alternatively, people involved in the sharing economy who are employees at another job can often avoid needing to make estimated tax payments by having more tax withheld from their paychecks. File [Form W-4](#) with the employer to request additional withholding. The [Withholding Calculator](#) on IRS.gov can also be a helpful resource.

For more information on these and other topics, check out the new Sharing Economy Resource Center on IRS.gov.

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